



NEWS RELEASE

CALIFORNIA STATE TREASURER PHIL ANGELIDES

FOR IMMEDIATE RELEASE
April 20, 2005

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CALIFORNIA TREASURER ANGELIDES APPLAUDS CALPERS' DECISION TO PRESSURE AIG TO REFORM ITS CORPORATE GOVERNANCE PRACTICES

*CalPERS Places AIG on 2005 Corporate Governance "Focus List"
One Week After Angelides and CalPERS Board President Feckner Call on
State's Two Pension Funds to Recover Losses and Push for Reforms*

Sacramento, CA – California State Treasurer Phil Angelides, who serves as a board member of the California Public Employees' Retirement System (CalPERS), applauded today's announcement by the pension fund that it has placed American International Group, Inc. (AIG) on the fund's 2005 "Focus List," ensuring that the insurance company will be a primary focus of the fund's corporate governance activism in the coming year.

The decision by CalPERS came one week after Treasurer Angelides called for the State's two pension funds to take all possible actions to recover losses to the funds and California taxpayers of more than \$400 million, push for reforms at AIG to protect shareholders from further harm, and enlist other institutional investors in those reform efforts. CalPERS' annual "Focus List" of companies is selected from the pension fund's investments, based on factors such as the companies' long-term stock performance, corporate governance practices, and corporate conduct.

"Today's action by CalPERS shows that despite pressure from anti-corporate reform forces such as the U.S. Business Roundtable and the U.S. Chamber of Commerce, we remain committed to pressing forward with reforms until the business section of the newspaper no longer reads like the police blotter," said Treasurer Angelides. "CalPERS' decision to keep the heat on AIG sends a clear signal that taxpayers, shareholders and pensioners are tired of literally paying the price for corporate corruption."

Since AIG announced on February 14th that they had received subpoenas from the U.S. Securities and Exchange Commission (SEC) and the New York State Attorney General's office, the two state pension funds' AIG holdings have lost more than \$400 million in value. The value of CalPERS' nearly 12.5 million AIG shares has dropped by nearly \$250 million and CalSTRS' 8.4 million shares have declined in value by almost \$170 million since February 14th (as of April 19th).

Treasurer Angelides has been a national leader in corporate reform efforts – fighting to recover losses to pension funds and taxpayers due to fraud and misconduct, to clean up corporate boardrooms, and to restore confidence in our financial markets. He also pushed to expand the ability of shareholders – the true owners of companies – to have a

voice in decisions that affect company value. Angelides and his colleagues across the country have repeatedly called on the SEC to implement a rule first proposed 18 months ago to “level the playing field” for investors by granting shareholders the right to nominate candidates for corporate boards of directors. In January, after 15 months of inaction on the issue, a group of eleven public investment officials nationwide vowed to pursue shareholders’ rights to fair elections “one company at a time,” if necessary to implement this fundamental reform.

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